

IRS HELPS TAXPAYERS WITH CHILD TAX CREDIT CLAIMS

WASHINGTON -- Some taxpayers are getting a larger refund than they expected from the Internal Revenue Service. The extra money is for the amount of the child tax credit, which they did not enter on the return, but for which the IRS found them to be eligible.

The IRS noticed that some taxpayers checked a box on the front of the tax return that a dependent was a qualifying child for the credit, but did not complete the line for this credit on the second page of the form, as they should have.

While the IRS can correct this omission in many cases, doing so may cause a slight delay in the refund. But this will still be faster than if the taxpayer had to prepare an amended return. To avoid delays, the IRS urges taxpayers to be sure their returns are complete and correct before filing them.

The child tax credit is a new benefit for the 1998 tax year, worth up to \$400 for each qualifying child. A person indicates that a dependent meets the qualifications -- the taxpayer's child, grandchild, stepchild, adopted or foster child, under age 17, and a U.S. citizen or resident -- by checking a box in column (4) of line 6c on the Form 1040 or 1040A. The taxpayer then uses a worksheet in the instruction booklet to figure the credit itself, entering the amount on the second page of the form.

The IRS estimates that it has found more than 30,000 taxpayers who checked that a dependent qualified and who met other eligibility criteria for the child tax credit, but who failed to enter a credit amount on the tax form. If the IRS can verify the child's age, it figures the proper credit amount for the taxpayer. If age verification is not possible, the IRS writes to the taxpayer, explaining the discrepancy and asking the taxpayer to file an amended return if the taxpayer is, indeed, eligible for the credit.

Taxpayers who have not yet filed their returns and who have a child born after 1981 should carefully check the instructions for the child tax credit. If eligible, they should claim the credit on line 43 of Form 1040, or line 28 of Form 1040A.

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Some taxpayers may not be able to claim any child tax credit because their income is too high. The total credit amount is reduced by \$50 for every \$1,000, or part thereof, that a taxpayer's income is more than \$75,000 (\$110,000 on a joint return).

Lower income taxpayers may be affected by another limitation -- the credit cannot exceed the amount of tax. But there is an additional credit for certain people with more than two children. These taxpayers use Form 8812, "Additional Child Tax Credit," to determine their eligibility and figure the credit. They then put the amount on line 60 of Form 1040 (line 38 of Form 1040A).

While the IRS may figure the child tax credit for taxpayers who check a "qualifying child" box but omit the credit amount, a similar process will not apply for any additional credit amount for these taxpayers. Instead, the IRS will correspond with such taxpayers about their eligibility for the additional credit.

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